



Interoffice Memorandum

To: Don Black, Rick Buy, Dave Delaney, Janet Deitrich,  
John Lavorato, Louis Kitchen, Ted Murphy, David Port,  
Cassandra Schultz, Jeff Skilling, Greg Whalley, File Copy

From: Chris Abel / Kenneth Thibodeaux  
Subject: Loss Notification

Department: Risk Management  
Date: May 17, 2001

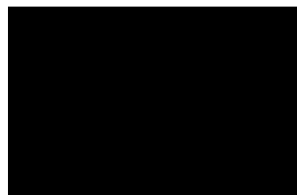
Please note below the explanation of the loss exceeding risk policy limits as of the close of business May 16, 2001.

Enron Americas - Power Trading

Notification:	Daily Loss Limit
Limit:	\$54.00 Million
Daily Loss:	\$225.83 Million

Explanation:

The daily loss of \$225.83MM resulted mainly from adjustments in EES' California business. Contracts with two entities, the University of California and IBM, were unwound and they are now being served by the utilities. This caused \$74MM in losses. Additionally, the PUC in California adjusted the tariffs for delivery of power for both NP and SP, causing \$171MM in losses.



Approvals:

Trader \_\_\_\_\_

Risk Assessment and Control \_\_\_\_\_

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GOVERNMENT  
EXHIBIT  
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